

Message Text

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ACTION EUR-08

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C O N F I D E N T I A L LONDON 05647

LIMDIS

BRUSSELS FOR USEEC

E.O. 11652: GDS
TAGS: EGEN, PFOR
SUBJECT: A CABINET MEMBER'S VIEW OF THE "CALLAGHAN
INITIATIVE"

1. AFTER A LUNCH TODAY WITH THE POLITICAL AND ECONOMIC
COUNSELORS, ROY HATTERSLEY, THE PRICES SECRETARY, ASKED
US HOW WE THOUGHT CALLAGHAN'S PLANS FOR THE RECOVERY OF
THE WORLD ECONOMY HAD BEEN RECEIVED IN WASHINGTON. WHEN
WE PROFESSED EXTREMELY LIMITED KNOWLEDGE OF THE
WASHINGTON REACTION, HE WENT ON TO VOLUNTEER CALLAGHAN'S
VIEW, WHICH WAS THAT THE OVERALL RESPONSE WAS CERTAINLY
POSITIVE, PARTICULARLY FROM PRESIDENT CARTER HIMSELF.

2. WHEN WE ASKED, THEN, HOW CALLAGHAN HAD REACTED TO
THE COPENHAGEN EUROPEAN COUNCIL, HATTERSLEY SAID THAT
CALLAGHAN WAS DISAPPOINTED AND UNHAPPY. HE SAID THAT
CALLAGHAN'S STRESS HAS ALWAYS BEEN ON INCLUDING THE US
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IN ON ANY ECONOMIC (OR OTHER) PROGRAM. SCHMIDT AND
GISCARD HAD AT COPENHAGEN INSTEAD TURNED THE DISCUSSION
ONTO PURELY EUROPEAN TERMS. CALLAGHAN HAD NOT EXPECTED
HIS FIVE POINT PACKAGE TO BE BOUGHT IN TOTO, BUT THE
SHIFT IN EMPHASIS WAS DISPLEASING TO HIM.

3. HATTERSLEY NOTED THAT CALLAGHAN HAD A REAL PERSONAL

INTEREST IN, AND BELIEF IN HIS OWN SPECIAL COMPETENCE WITH REGARD TO, ISSUES OF MONETARY STABILITY. HATTERSLEY THOUGHT IT UNFAIR AND UNTRUE TO ATTRIBUTE CALLAGHAN'S INITIATIVE TO PURELY POLITICAL MOTIVES AND THOUGHT THAT IT WAS OF A PIECE WITH HIS CONSISTENT POINT OF VIEW. HATTERSLEY ALSO DIFFERENTIATED CALLAGHAN'S INTEREST IN MONETARY STABILITY AS A MEANS TO WORLD ECONOMIC RECOVERY FROM JENKINS' INTEREST IN IT AS A MEANS TOWARD GREATER UNITY WITHIN THE EUROPEAN COMMUNITY.

4. COMMENT: HATTERSLEY WAS OBVIOUSLY TRYING TO TEST OUT WHETHER CALLAGHAN'S OPTIMISTIC READING OF HIS WASHINGTON RECEPTION WAS CONFIRMED FROM THE U.S. SIDE. HIS DISCUSSION OF CALLAGHAN'S DEEP CONCERN WITH INTERNATIONAL MONETARY STABILITY WAS PROBABLY IN PART RESPONSIVE TO WHAT HE SUSPECTED WAS AN AMERICAN CAVEAT REGARDING THE CALLAGHAN PROGRAM. WE WERE LIMITED IN OUR RESPONSES TO HATTERSLEY BY OUR LACK OF DETAILED KNOWLEDGE AS TO THE U.S. POSITION.

BREWSTER

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